



January 25, 2002

SENATE BILL No. 333

DIGEST OF SB 333 (Updated January 22, 2002 1:30 PM - DI 75)

Citations Affected: IC 4-31; IC 4-33; IC 35-45; noncode.

Synopsis: Dockside gaming and pull tabs. Authorizes dockside gaming. Removes the prohibition on a riverboat owner owning more than a 10% interest in another riverboat. Permits a person to own up to a 100% interest in not more than two riverboat licenses. Provides that a person may not have an ownership interest in more than two riverboat owner's licenses. Specifies that a person is considered to have an ownership interest in a riverboat owner's license if the interest is owned directly or indirectly by the person or by an entity controlled by the person. Requires riverboat admission tickets, if issued, to display the toll free telephone number to obtain information on drug, alcohol, and gambling addictions. Repeals the riverboat cruising requirement and other statutes related to mandatory cruising. Authorizes the sale of electronic pull tabs at horse racing tracks.

Effective: July 1, 2002.

**Server, Lanane, Meeks R, Rogers,
Mrvan, Lutz L, Landske, Paul,
Harrison, Alting, Meeks C,
Waterman, Wheeler**

January 8, 2002, read first time and referred to Committee on Commerce and Consumer Affairs.
January 24, 2002, amended, reported favorably — Do Pass.

SB 333—LS 7107/DI 92+



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January 25, 2002

Second Regular Session 112th General Assembly (2002)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2001 General Assembly.

SENATE BILL No. 333

A BILL FOR AN ACT to amend the Indiana Code concerning gaming.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 4-31-1-2 IS AMENDED TO READ AS FOLLOWS
2 [EFFECTIVE JULY 1, 2002]: Sec. 2. The ~~purpose~~ **purposes** of this
3 article ~~is~~ **are**:

- 4 (1) to permit pari-mutuel wagering on horse races in Indiana;
5 (2) **to permit the sale of pari-mutuel pull tabs at racetracks in**
6 **Indiana;** and
7 (3) to ensure that **the sale of pari-mutuel pull tabs and**
8 pari-mutuel wagering on horse races in Indiana will be conducted
9 with the highest of standards and the greatest level of integrity.

10 SECTION 2. IC 4-31-2-1.5 IS ADDED TO THE INDIANA CODE
11 AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
12 1, 2002]: Sec. 1.5. "Adjusted gross receipts" means:

- 13 (1) the total of all cash and property (including checks
14 received by a permit holder whether collected or not) received
15 by a permit holder from pari-mutuel pull tab sales; minus
16 (2) the total of:
17 (A) all cash paid out as winnings for pari-mutuel pull tabs

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to patrons; and

(B) uncollectible pari-mutuel pull tab receivables, not to exceed the lesser of:

(i) a reasonable provision for uncollectible patron checks received from pari-mutuel pull tab sales; or

(ii) two percent (2%) of the total of all sums, including checks, whether collected or not, less the amount paid out as winnings for pari-mutuel pull tabs to patrons.

For purposes of this section, a counter or personal check that is invalid or unenforceable under this article is considered cash received by the permit holder from pari-mutuel pull tab sales.

SECTION 3. IC 4-31-2-11.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 11.5. "Pari-mutuel pull tab" means a game offered to the public in which a person who purchases a ticket has the opportunity to share in a prize pool, multiple prize pools, or a shared prize pool consisting of the total amount wagered in the game minus deductions by the permit holder selling the pari-mutuel pull tab and other deductions either permitted or required by law.

SECTION 4. IC 4-31-3-9 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 9. The commission may:

(1) adopt rules under IC 4-22-2, including emergency rules under IC 4-22-2-37.1, to implement this article, including rules that prescribe:

(A) the forms of wagering that are permitted;

(B) the number of races;

(C) the procedures for wagering;

(D) the wagering information to be provided to the public;

(E) the hours during which a racetrack may sell pari-mutuel pull tabs under IC 4-31-7.5;

(F) fees for the issuance and renewal of:

(i) permits under IC 4-31-5;

(ii) satellite facility licenses under IC 4-31-5.5; and

(iii) licenses for racetrack personnel and racing participants under IC 4-31-6;

~~(F)~~ (G) investigative fees;

~~(G)~~ (H) fines and penalties; and

~~(H)~~ (I) any other regulation that the commission determines is in the public interest in the conduct of recognized meetings and wagering on horse racing in Indiana;

(2) appoint employees in the manner provided by IC 4-15-2 and



fix their compensation, subject to the approval of the budget agency under IC 4-12-1-13;

(3) enter into contracts necessary to implement this article; and

(4) receive and consider recommendations from an advisory development committee established under IC 4-31-11.

SECTION 5. IC 4-31-5-15 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 15. **Except as provided in IC 4-31-7.5**, any fees or penalties collected by the commission under ~~IC 4-31-3-9(1)(E)~~ **IC 4-31-3-9(1)(F)** through ~~IC 4-31-3-9(1)(G)~~ **IC 4-31-3-9(1)(H)** shall be paid into the state general fund.

SECTION 6. IC 4-31-7-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 1. (a) A person holding a permit to conduct a horse racing meeting or a license to operate a satellite facility may provide a place in the racing meeting grounds or enclosure or the satellite facility at which the person may conduct and supervise the pari-mutuel system of wagering by patrons of legal age on the horse races conducted or simulcast by the person. The person may not permit or use:

(1) another place other than that provided and designated by the person; or

(2) another method or system of betting or wagering. **However, a person holding a permit to conduct a horse racing meeting may permit wagering on pari-mutuel pull tabs at the person's race track as permitted by IC 4-31-7.5.**

(b) Except as provided in section 7 of this chapter and IC 4-31-5.5, the pari-mutuel system of wagering may not be conducted on any races except the races at the racetrack, grounds, or enclosure for which the person holds a permit.

SECTION 7. IC 4-31-7-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 2. (a) A person less than ~~eighteen (18)~~ **twenty-one (21)** years of age may not wager at a horse racing meeting.

(b) A person less than ~~seventeen (17)~~ **twenty-one (21)** years of age may not enter the grandstand, clubhouse, or similar areas of a racetrack at which wagering is permitted unless accompanied by a person who is at least twenty-one (21) years of age.

(c) A person less than ~~eighteen (18)~~ **twenty-one (21)** years of age may not enter a satellite facility.

SECTION 8. IC 4-31-7.5 IS ADDED TO THE INDIANA CODE AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]:



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Chapter 7.5. Pari-Mutuel Pull Tabs

Sec. 1. (a) This chapter applies only to the sale of pari-mutuel pull tabs by a person who holds a permit to conduct a pari-mutuel horse racing meeting issued under IC 4-31-5.

(b) This chapter does not apply to the sale of pull tabs by a qualified organization (as defined in IC 4-32-6-20) under IC 4-32.

Sec. 2. A pari-mutuel pull tab game must be conducted in the following manner:

(1) Each set of tickets must have a predetermined:

(A) total purchase price; and

(B) amount of prizes.

(2) Randomly ordered pari-mutuel pull tab tickets may be distributed from an approved location or from a distribution device to:

(A) the permit holder at the permit holder's racetrack or satellite facility, or both; or

(B) a terminal or device of the permit holder at the permit holder's racetrack or satellite facility, or both.

(3) A pari-mutuel pull tab ticket must be presented to a player in the form of a paper ticket or display on a terminal or device.

(4) Game results must be initially covered or otherwise concealed from view on the pari-mutuel pull tab ticket, terminal, or device so that the number, letter, symbol, or set of numbers, letters, or symbols cannot be seen until the concealing medium is removed.

(5) A winner is identified after the display of the game results when a player removes the concealing medium of the pari-mutuel pull tab ticket or display on a terminal or device.

(6) A winner shall receive the prize or prizes posted or displayed for the game from the permit holder.

Sec. 3. A person less than twenty-one (21) years of age may not purchase a pari-mutuel pull tab ticket.

Sec. 4. The sale price of a pari-mutuel pull tab ticket may not exceed ten dollars (\$10).

Sec. 5. (a) The sale, purchase, and redemption of pari-mutuel pull tab tickets are limited to a live pari-mutuel horse racing facility operated by a permit holder under a recognized meeting permit first issued before January 1, 2002.

(b) Pari-mutuel pull tab tickets may not be sold, purchased, or redeemed at any of the locations described in this section until two (2) unaffiliated permit holders operate live pari-mutuel horse



1 racing facilities at two (2) separate locations.

2 (c) A permit holder may not install more than seven hundred
3 (700) pull tab terminals or devices on the premises of the permit
4 holder's live pari-mutuel horse racing facility.

5 Sec. 6. The number and size of the prizes in a pari-mutuel pull
6 tab game must be finite but may not be limited.

7 Sec. 7. A list of prizes for winning pari-mutuel pull tab tickets
8 must be posted or displayed at a location where the tickets are sold.

9 Sec. 8. A permit holder may close a pari-mutuel pull tab game
10 at any time.

11 Sec. 9. A terminal or device selling pari-mutuel pull tab tickets
12 may be operated by a player without the assistance of the permit
13 holder for the sale and redemption of pari-mutuel pull tab tickets.

14 Sec. 10. A terminal or device selling pari-mutuel pull tab tickets
15 may not dispense coins or currency as prizes for winning tickets.
16 Prizes awarded by a terminal or device must be in the form of
17 credits for additional play or certificates redeemable for cash or
18 prizes.

19 Sec. 11. (a) The commission, with input and assistance from the
20 Indiana gaming commission, shall adopt rules under IC 4-22-2,
21 including emergency rules under IC 4-22-2-37.1, to implement this
22 chapter, including rules that prescribe:

23 (1) an approval process for pari-mutuel pull tab games that
24 requires periodic testing of the games and equipment by an
25 independent entity under the oversight of the commission to
26 ensure the integrity of the games to the public;

27 (2) a system of internal audit controls;

28 (3) a method of payment for pari-mutuel pull tab prizes that
29 allows a player to transfer credits from one (1) terminal or
30 device to another;

31 (4) a method of payment for pari-mutuel pull tab prizes that
32 allows a player to redeem a winning ticket for additional play
33 tickets or credit to permit purchase of additional play tickets;
34 and

35 (5) any other procedure or requirement necessary for the
36 efficient and economical operation of the pari-mutuel pull tab
37 games and the convenience of the public.

38 (b) The commission may enter into a contract with the Indiana
39 gaming commission for the provision of services necessary to
40 administer pari-mutuel pull tab games.

41 Sec. 12. The commission may assess an administrative fee to a
42 permit holder offering pari-mutuel pull tab games in an amount

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that allows the commission to recover all the commission's costs of administering the pari-mutuel pull tab games.

Sec. 13. The commission may not permit the sale of pari-mutuel pull tab tickets in a county where a riverboat is docked.

Sec. 14. All shipments of gambling devices, including pari-mutuel pull tab machines, to permit holders in Indiana, the registering, recording, and labeling of which have been completed by the manufacturer or dealer in accordance with 15 U.S.C. 1171 through 15 U.S.C. 1178, are legal shipments of gambling devices into Indiana.

Sec. 15. Under 15 U.S.C. 1172, approved January 2, 1951, the state of Indiana, acting by and through elected and qualified members of the legislature, declares and proclaims that the state is exempt from 15 U.S.C. 1172.

SECTION 9. IC 4-31-9-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 1. A person that holds a permit to conduct a horse racing meeting or a license to operate a satellite facility shall withhold:

(1) eighteen percent (18%) of the total of money wagered on each day at the racetrack or satellite facility (including money wagered on exotic wagering pools, **but excluding money wagered on pari-mutuel pull tabs under IC 4-31-7.5**); plus

(2) an additional three and one-half percent (3.5%) of the total of all money wagered on exotic wagering pools on each day at the racetrack or satellite facility.

SECTION 10. IC 4-33-2-5.6 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 5.6. "**Cruise**" means to depart from the dock while gambling is conducted.

SECTION 11. IC 4-33-2-7 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 7. "Dock" means the location where ~~an excursion~~ a riverboat moors for the purpose of embarking passengers for and disembarking passengers from ~~a gambling excursion~~ the riverboat.

SECTION 12. IC 4-33-2-15.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 15.5. "**Patron**" means an individual who:

(1) boards a riverboat; and

(2) is not entitled to receive a tax free pass.

SECTION 13. IC 4-33-2-16.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS

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[EFFECTIVE JULY 1, 2002]: **Sec. 16.5. "Reporting period" means a twenty-four (24) hour increment used by the department under this article, commencing at 6 a.m. on one (1) day and concluding at 5:59 a.m. the following day.**

SECTION 14. IC 4-33-4-10 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 10. **If a riverboat cruises**, the commission shall authorize the route of ~~a the~~ riverboat and the stops, if any, that the riverboat may make **while on a cruise**.

SECTION 15. IC 4-33-4-21.2, AS AMENDED BY P.L.215-2001, SECTION 5, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 21.2. (a) The Indiana gaming commission shall require a licensed owner to conspicuously display the number of the toll free telephone line described in IC 4-33-12-6 in the following locations:

(1) On each admission ticket to a riverboat ~~gambling excursion~~: **if tickets are issued.**

(2) On a poster or placard that is on display in a public area of each riverboat where gambling games are conducted.

(b) The toll free telephone line described in IC 4-33-12-6 must be:

(1) maintained by the division of mental health and addiction under IC 12-23-1-6; and

(2) funded by the addiction services fund established by IC 12-23-2-2.

(c) The commission may adopt rules under IC 4-22-2 necessary to carry out this section.

SECTION 16. IC 4-33-6-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 1. (a) The commission may issue to a person a license to own ~~one (1)~~ a riverboat subject to the numerical and geographical limitation of owner's licenses under this section, **section 3.5 of this chapter**, and IC 4-33-4-17. However, not more than eleven (11) owner's licenses may be in effect at any time. Except as provided in subsection (b), those eleven (11) licenses are as follows:

(1) Two (2) licenses for a riverboat that operates from the largest city located in the counties described under IC 4-33-1-1(1).

(2) One (1) license for a riverboat that operates from the second largest city located in the counties described under IC 4-33-1-1(1).

(3) One (1) license for a riverboat that operates from the third largest city located in the counties described under IC 4-33-1-1(1).

(4) One (1) license for a city located in the counties described

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under IC 4-33-1-1(1). This license may not be issued to a city described in subdivisions (1) through (3).

(5) A total of five (5) licenses for riverboats that operate upon the Ohio River from counties described under IC 4-33-1-1(2). The commission may not issue a license to an applicant if the issuance of the license would result in more than one (1) riverboat operating from a county described in IC 4-33-1-1(2).

(6) One (1) license for a riverboat that operates upon Patoka Lake from a county described under IC 4-33-1-1(3).

(b) If a city described in subsection (a)(2) or (a)(3) conducts two (2) elections under section 20 of this chapter, and the voters of the city do not vote in favor of permitting riverboat gambling at either of those elections, the license assigned to that city under subsection (a)(2) or (a)(3) may be issued to any city that:

(1) does not already have a riverboat operating from the city; and

(2) is located in a county described in IC 4-33-1-1(1).

SECTION 17. IC 4-33-6-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 3. The commission may not issue an owner's license under this chapter to a person if:

(1) the person has been convicted of a felony under Indiana law, the laws of any other state, or laws of the United States;

(2) the person has knowingly or intentionally submitted an application for a license under this chapter that contains false information;

(3) the person is a member of the commission;

(4) the person is an officer, a director, or a managerial employee of a person described in subdivision (1) or (2);

(5) the person employs an individual who:

(A) is described in subdivision (1), (2), or (3); and

(B) participates in the management or operation of gambling operations authorized under this article;

(6) the person owns an ownership interest of more than ~~ten percent (10%)~~ in more than one (1) other person holding an owner's license issued under the total amount of ownership interest permitted under section 3.5 of this chapter; or

(7) a license issued to the person:

(A) under this article; or

(B) to own or operate gambling facilities in another jurisdiction;

has been revoked.

SECTION 18. IC 4-33-6-3.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY

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1, 2002]: Sec. 3.5. (a) For purposes of this section, a person is considered to have an ownership interest in a riverboat owner's license if the interest is owned directly or indirectly by the person or by an entity controlled by the person.

(b) A person may have up to a one hundred percent (100%) ownership interest in not more than two (2) riverboat licenses issued under this chapter.

(c) A person may not have an ownership interest in more than two (2) riverboat owner's licenses issued under this chapter.

(d) This section may not be construed to increase the maximum number of licenses permitted under section 1 of this chapter or the number of riverboats that may be owned and operated under a license under section 10 of this chapter.

SECTION 19. IC 4-33-6-9 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 9. (a) A licensed owner must post a bond with the commission at least sixty (60) days before the commencement of ~~regular gambling on the riverboat. excursions.~~

(b) The bond shall be furnished in:

(1) cash or negotiable securities;

(2) a surety bond:

(A) with a surety company approved by the commission; and

(B) guaranteed by a satisfactory guarantor; or

(3) an irrevocable letter of credit issued by a banking institution of Indiana acceptable to the commission.

(c) If a bond is furnished in cash or negotiable securities, the principal shall be placed without restriction at the disposal of the commission, but income inures to the benefit of the licensee.

(d) The bond:

(1) is subject to the approval of the commission;

(2) must be in an amount that the commission determines will adequately reflect the amount that a local community will expend for infrastructure and other facilities associated with a riverboat operation; and

(3) must be payable to the commission as obligee for use in payment of the licensed owner's financial obligations to the local community, the state, and other aggrieved parties, as determined by the rules of the commission.

(e) If after a hearing (after at least five (5) days written notice) the commission determines that the amount of a licensed owner's bond is insufficient, the licensed owner shall upon written demand of the commission file a new bond.

(f) The commission may require a licensed owner to file a new bond



with a satisfactory surety in the same form and amount if:

(1) liability on the old bond is discharged or reduced by judgment rendered, payment made, or otherwise; or

(2) in the opinion of the commission any surety on the old bond becomes unsatisfactory.

(g) If a new bond obtained under subsection (e) or (f) is unsatisfactory, the commission shall cancel the owner's license. If the new bond is satisfactorily furnished, the commission shall release in writing the surety on the old bond from any liability accruing after the effective date of the new bond.

(h) A bond is released on the condition that the licensed owner remains at the site for which the owner's license is granted for the lesser of:

(1) five (5) years; or

(2) the date the commission grants a license to another licensed owner to operate from the site for which the bond was posted.

(i) A licensed owner who does not meet the requirements of subsection (h) forfeits a bond filed under this section. The proceeds of a bond that is in default under this subsection are paid to the commission for the benefit of the local unit from which the riverboat operated.

(j) The total and aggregate liability of the surety on a bond is limited to the amount specified in the bond and the continuous nature of the bond may in no event be construed as allowing the liability of the surety under a bond to accumulate for each successive approval period during which the bond is in force.

(k) A bond filed under this section is released sixty (60) days after:

(1) the time has run under subsection (h); and

(2) a written request is submitted by the licensed owner.

SECTION 20. IC 4-33-6-10 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 10. (a) An owner's license issued under this chapter permits the holder to own and operate one (1) riverboat and equipment for each license.

(b) **An owner's license issued under this chapter permits the holder to:**

(1) conduct gambling games authorized under this article while the riverboat is cruising or docked; and

(2) allow the continuous ingress and egress of passengers for purposes of gambling.

(c) An owner's license issued under this chapter must specify the place where the riverboat must operate and dock. However, the commission may permit the riverboat to dock at a temporary dock in

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the applicable city for a specific period of time not to exceed one (1) year after the owner's license is issued.

~~(c)~~ (d) An owner's initial license expires five (5) years after the effective date of the license.

(e) An owner's license issued under this chapter does not permit the holder to conduct gambling games on a barge.

SECTION 21. IC 4-33-6-11 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 11. The commission may revoke an owner's license if:

(1) the licensee begins regular ~~riverboat excursions~~ **operations** more than twelve (12) months after receiving the commission's approval of the application for the license; and

(2) the commission determines that the revocation of the license is in the best interests of Indiana.

SECTION 22. IC 4-33-9-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 3. (a) Except as provided in subsection (b), ~~a riverboat excursions~~ **cruise** may not exceed four (4) hours for a round trip.

(b) Subsection (a) does not apply to an extended cruise that is expressly approved by the commission.

SECTION 23. IC 4-33-9-14 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 14. (a) This section applies only to a riverboat that operates from a county that is contiguous to the Ohio River.

(b) A ~~gambling excursion~~ **cruise** is permitted only when the navigable waterway for which the riverboat is licensed is navigable, as determined by the commission in consultation with the United States Army Corps of Engineers.

SECTION 24. IC 4-33-10-5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 5. An action to prosecute a crime occurring during ~~a gambling excursion on a riverboat~~ shall be tried in the county of the dock where the riverboat is ~~based~~ **located**.

SECTION 25. IC 4-33-12-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 1. (a) A tax is imposed on admissions to ~~gambling excursions a riverboat~~ authorized under this article at a rate of three dollars (\$3) for each ~~person admitted to the gambling excursion~~ **patron who is on board at the time a passenger count is recorded**.

(b) **Passenger counts must be recorded one (1) hour after the start of each reporting period and once every two (2) hours thereafter under procedures approved by the commission.**



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(c) If the riverboat's schedule as approved by the commission does not provide for the riverboat to be open to the public at the start of the reporting period, passenger counts must be recorded one (1) hour after the riverboat begins admitting patrons during a reporting period and once every two (2) hours thereafter under procedures approved by the commission.

(d) This admission tax is imposed upon the licensed owner conducting the gambling ~~excursion~~ operation.

SECTION 26. IC 35-45-5-7 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 7. This chapter does not apply to the publication or broadcast of an advertisement, a list of prizes, or other information concerning:

(1) pari-mutuel wagering on horse races or a lottery authorized by the law of any state; ~~or~~

(2) a game of chance operated in accordance with IC 4-32; ~~or~~

(3) a pari-mutuel pull tab game operated in accordance with IC 4-31-7.5.

SECTION 27. IC 35-45-5-11 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: **Sec. 11. This chapter does not apply to the sale of pari-mutuel pull tab tickets authorized by IC 4-31-7.5.**

SECTION 28. THE FOLLOWING ARE REPEALED [EFFECTIVE JULY 1, 2002]: IC 4-33-2-8; IC 4-33-9-2; IC 4-33-12-2.

SECTION 29. [EFFECTIVE JULY 1, 2002] (a) The Indiana horse racing commission shall adopt the emergency rules required under IC 4-31-7.5-11, as added by this act, before September 1, 2002.

(b) This SECTION expires December 31, 2002.

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SENATE MOTION

Mr. President: I move that Senator Lutz be added as coauthor of Senate Bill 333.

NUGENT

SENATE MOTION

Mr. President: I move that Senators Landske, Paul, Harrison, Alting, Meeks C, Waterman and Wheeler be added as coauthors of Senate Bill 333.

NUGENT

SENATE MOTION

Mr. President: I move that Senator Nugent be removed as author of Senate Bill 333 and that Senator Server be substituted therefor.

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COMMITTEE REPORT

Mr. President: The Senate Committee on Commerce and Consumer Affairs, to which was referred Senate Bill No. 333, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill be AMENDED as follows:

Page 1, delete lines 1 through 17.

Delete pages 2 through 5.

Page 6, delete lines 1 through 32, begin a new paragraph and insert:
"SECTION 1. IC 4-31-1-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 2. The ~~purpose~~ purposes of this article ~~is~~ are:

- (1) to permit pari-mutuel wagering on horse races in Indiana;
- (2) to permit the sale of pari-mutuel pull tabs at racetracks in Indiana; and
- (3) to ensure that the sale of pari-mutuel pull tabs and pari-mutuel wagering on horse races in Indiana will be conducted with the highest of standards and the greatest level of integrity.

SECTION 2. IC 4-31-2-1.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 1.5. "Adjusted gross receipts" means:

- (1) the total of all cash and property (including checks received by a permit holder whether collected or not) received by a permit holder from pari-mutuel pull tab sales; minus
- (2) the total of:
 - (A) all cash paid out as winnings for pari-mutuel pull tabs to patrons; and
 - (B) uncollectible pari-mutuel pull tab receivables, not to exceed the lesser of:
 - (i) a reasonable provision for uncollectible patron checks received from pari-mutuel pull tab sales; or
 - (ii) two percent (2%) of the total of all sums, including checks, whether collected or not, less the amount paid out as winnings for pari-mutuel pull tabs to patrons.

For purposes of this section, a counter or personal check that is invalid or unenforceable under this article is considered cash received by the permit holder from pari-mutuel pull tab sales.

SECTION 3. IC 4-31-2-11.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 11.5. "Pari-mutuel pull tab" means a game offered to the public in which a person who purchases a ticket has the opportunity to share in a prize pool, multiple prize pools, or a



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shared prize pool consisting of the total amount wagered in the game minus deductions by the permit holder selling the pari-mutuel pull tab and other deductions either permitted or required by law.

SECTION 4. IC 4-31-3-9 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 9. The commission may:

(1) adopt rules under IC 4-22-2, including emergency rules under IC 4-22-2-37.1, to implement this article, including rules that prescribe:

- (A) the forms of wagering that are permitted;
- (B) the number of races;
- (C) the procedures for wagering;
- (D) the wagering information to be provided to the public;
- (E) **the hours during which a racetrack may sell pari-mutuel pull tabs under IC 4-31-7.5;**
- (F) fees for the issuance and renewal of:
 - (i) permits under IC 4-31-5;
 - (ii) satellite facility licenses under IC 4-31-5.5; and
 - (iii) licenses for racetrack personnel and racing participants under IC 4-31-6;

~~(F)~~ (G) investigative fees;

~~(G)~~ (H) fines and penalties; and

~~(H)~~ (I) any other regulation that the commission determines is in the public interest in the conduct of recognized meetings and wagering on horse racing in Indiana;

(2) appoint employees in the manner provided by IC 4-15-2 and fix their compensation, subject to the approval of the budget agency under IC 4-12-1-13;

(3) enter into contracts necessary to implement this article; and

(4) receive and consider recommendations from an advisory development committee established under IC 4-31-11.

SECTION 5. IC 4-31-5-15 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 15. **Except as provided in IC 4-31-7.5**, any fees or penalties collected by the commission under ~~IC 4-31-3-9(1)(E)~~ **IC 4-31-3-9(1)(F)** through ~~IC 4-31-3-9(1)(G)~~ **IC 4-31-3-9(1)(H)** shall be paid into the state general fund.

SECTION 6. IC 4-31-7-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 1. (a) A person holding a permit to conduct a horse racing meeting or a license to operate a satellite facility may provide a place in the racing meeting grounds or enclosure or the satellite facility at which the person may conduct and supervise the



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pari-mutuel system of wagering by patrons of legal age on the horse races conducted or simulcast by the person. The person may not permit or use:

- (1) another place other than that provided and designated by the person; or
- (2) another method or system of betting or wagering. **However, a person holding a permit to conduct a horse racing meeting may permit wagering on pari-mutuel pull tabs at the person's race track as permitted by IC 4-31-7.5.**

(b) Except as provided in section 7 of this chapter and IC 4-31-5.5, the pari-mutuel system of wagering may not be conducted on any races except the races at the racetrack, grounds, or enclosure for which the person holds a permit.

SECTION 7. IC 4-31-7-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 2. (a) A person less than ~~eighteen (18)~~ **twenty-one (21)** years of age may not wager at a horse racing meeting.

(b) A person less than ~~seventeen (17)~~ **twenty-one (21)** years of age may not enter the grandstand, clubhouse, or similar areas of a racetrack at which wagering is permitted unless accompanied by a person who is at least twenty-one (21) years of age.

(c) A person less than ~~eighteen (18)~~ **twenty-one (21)** years of age may not enter a satellite facility.

SECTION 8. IC 4-31-7.5 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]:

Chapter 7.5. Pari-Mutuel Pull Tabs

Sec. 1. (a) This chapter applies only to the sale of pari-mutuel pull tabs by a person who holds a permit to conduct a pari-mutuel horse racing meeting issued under IC 4-31-5.

(b) This chapter does not apply to the sale of pull tabs by a qualified organization (as defined in IC 4-32-6-20) under IC 4-32.

Sec. 2. A pari-mutuel pull tab game must be conducted in the following manner:

- (1) Each set of tickets must have a predetermined:**
 - (A) total purchase price; and**
 - (B) amount of prizes.**
- (2) Randomly ordered pari-mutuel pull tab tickets may be distributed from an approved location or from a distribution device to:**
 - (A) the permit holder at the permit holder's racetrack or satellite facility, or both; or**



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(B) a terminal or device of the permit holder at the permit holder's racetrack or satellite facility, or both.

(3) A pari-mutuel pull tab ticket must be presented to a player in the form of a paper ticket or display on a terminal or device.

(4) Game results must be initially covered or otherwise concealed from view on the pari-mutuel pull tab ticket, terminal, or device so that the number, letter, symbol, or set of numbers, letters, or symbols cannot be seen until the concealing medium is removed.

(5) A winner is identified after the display of the game results when a player removes the concealing medium of the pari-mutuel pull tab ticket or display on a terminal or device.

(6) A winner shall receive the prize or prizes posted or displayed for the game from the permit holder.

Sec. 3. A person less than twenty-one (21) years of age may not purchase a pari-mutuel pull tab ticket.

Sec. 4. The sale price of a pari-mutuel pull tab ticket may not exceed ten dollars (\$10).

Sec. 5. (a) The sale, purchase, and redemption of pari-mutuel pull tab tickets are limited to a live pari-mutuel horse racing facility operated by a permit holder under a recognized meeting permit first issued before January 1, 2002.

(b) Pari-mutuel pull tab tickets may not be sold, purchased, or redeemed at any of the locations described in this section until two (2) unaffiliated permit holders operate live pari-mutuel horse racing facilities at two (2) separate locations.

(c) A permit holder may not install more than seven hundred (700) pull tab terminals or devices on the premises of the permit holder's live pari-mutuel horse racing facility.

Sec. 6. The number and size of the prizes in a pari-mutuel pull tab game must be finite but may not be limited.

Sec. 7. A list of prizes for winning pari-mutuel pull tab tickets must be posted or displayed at a location where the tickets are sold.

Sec. 8. A permit holder may close a pari-mutuel pull tab game at any time.

Sec. 9. A terminal or device selling pari-mutuel pull tab tickets may be operated by a player without the assistance of the permit holder for the sale and redemption of pari-mutuel pull tab tickets.

Sec. 10. A terminal or device selling pari-mutuel pull tab tickets may not dispense coins or currency as prizes for winning tickets. Prizes awarded by a terminal or device must be in the form of

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credits for additional play or certificates redeemable for cash or prizes.

Sec. 11. (a) The commission, with input and assistance from the Indiana gaming commission, shall adopt rules under IC 4-22-2, including emergency rules under IC 4-22-2-37.1, to implement this chapter, including rules that prescribe:

- (1) an approval process for pari-mutuel pull tab games that requires periodic testing of the games and equipment by an independent entity under the oversight of the commission to ensure the integrity of the games to the public;
- (2) a system of internal audit controls;
- (3) a method of payment for pari-mutuel pull tab prizes that allows a player to transfer credits from one (1) terminal or device to another;
- (4) a method of payment for pari-mutuel pull tab prizes that allows a player to redeem a winning ticket for additional play tickets or credit to permit purchase of additional play tickets; and
- (5) any other procedure or requirement necessary for the efficient and economical operation of the pari-mutuel pull tab games and the convenience of the public.

(b) The commission may enter into a contract with the Indiana gaming commission for the provision of services necessary to administer pari-mutuel pull tab games.

Sec. 12. The commission may assess an administrative fee to a permit holder offering pari-mutuel pull tab games in an amount that allows the commission to recover all the commission's costs of administering the pari-mutuel pull tab games.

Sec. 13. The commission may not permit the sale of pari-mutuel pull tab tickets in a county where a riverboat is docked.

Sec. 14. All shipments of gambling devices, including pari-mutuel pull tab machines, to permit holders in Indiana, the registering, recording, and labeling of which have been completed by the manufacturer or dealer in accordance with 15 U.S.C. 1171 through 15 U.S.C. 1178, are legal shipments of gambling devices into Indiana.

Sec. 15. Under 15 U.S.C. 1172, approved January 2, 1951, the state of Indiana, acting by and through elected and qualified members of the legislature, declares and proclaims that the state is exempt from 15 U.S.C. 1172.

SECTION 9. IC 4-31-9-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 1. A person that holds a permit to

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conduct a horse racing meeting or a license to operate a satellite facility shall withhold:

- (1) eighteen percent (18%) of the total of money wagered on each day at the racetrack or satellite facility (including money wagered on exotic wagering pools, **but excluding money wagered on pari-mutuel pull tabs under IC 4-31-7.5**); plus
- (2) an additional three and one-half percent (3.5%) of the total of all money wagered on exotic wagering pools on each day at the racetrack or satellite facility."

Page 7, line 9, delete "to".

Page 7, line 10, delete "assess taxes".

Page 7, delete lines 12 through 18.

Page 7, delete lines 23 through 42.

Page 8, delete lines 1 through 3.

Page 8, line 29, delete "or is".

Page 8, line 30, delete "docked in".

Page 8, line 32, delete "or is docked".

Page 8, line 33, before "the second" delete "in".

Page 8, line 35, delete "or is docked".

Page 8, line 36, before "the third" delete "in".

Page 8, line 41, delete "or".

Page 8, line 42, delete "dock in".

Page 8, line 42, reset in roman "from".

Page 8, line 42, delete "at"

Page 9, line 3, delete "or docking in".

Page 9, line 12, reset in roman "from".

Page 9, line 12, delete "in".

Page 10, delete lines 12 through 42.

Page 11, delete lines 1 through 3.

Page 13, between lines 40 and 41, begin a new paragraph and insert:

"SECTION 31. IC 35-45-5-7 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 7. This chapter does not apply to the publication or broadcast of an advertisement, a list of prizes, or other information concerning:

- (1) pari-mutuel wagering on horse races or a lottery authorized by the law of any state; ~~or~~
- (2) a game of chance operated in accordance with IC 4-32; **or**
- (3) **a pari-mutuel pull tab game operated in accordance with IC 4-31-7.5.**

SECTION 32. IC 35-45-5-11 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: **Sec. 11. This chapter does not apply**



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to the sale of pari-mutuel pull tab tickets authorized by IC 4-31-7.5."

Page 13, after line 42, begin a new paragraph and insert:

"SECTION 34. [EFFECTIVE JULY 1, 2002] **(a) The Indiana horse racing commission shall adopt the emergency rules required under IC 4-31-7.5-11, as added by this act, before September 1, 2002.**

(b) This SECTION expires December 31, 2002."

Renumber all SECTIONS consecutively.

and when so amended that said bill do pass.

(Reference is to SB 333 as introduced.)

SERVER, Chairperson

Committee Vote: Yeas 6, Nays 5.

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